



LODI CITY COUNCIL
Rick Cromwell Community Room
215 West Elm Street, Lodi

"SHIRTSLEEVE" SESSION

Date: February 26, 2019

Time: 7:00 a.m.

*and via conference call:
1311 Midvale Road
Lodi, CA 95240

For information regarding this Agenda please contact:

Jennifer M. Ferraiolo
City Clerk
Telephone: (209) 333-6702

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 First and Second Quarters Fiscal Year 2018/29 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

B-2 Receive Update on City of Lodi Customer Service Division (CM)

C. Comments by Public on Non-Agenda Items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Ferraiolo
City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Jennifer M. Ferraiolo at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Jennifer M. Ferraiolo (209) 333-6702.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: First and Second Quarters Fiscal Year 2018/19 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: February 26, 2019

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the first and second quarters of Fiscal Year 2018/19.

BACKGROUND INFORMATION: In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of February 26, 2019.

FISCAL IMPACT: There is no fiscal impact from the preparation of this report.

FUNDING AVAILABLE: Adequate funding is available in the Fiscal Year 2018-19 budget for the items on this report.

Andrew Keys
Deputy City Manager/Internal Services Director

AK:LT

APPROVED: _____
Stephen Schwabauer, City Manager



Public Works Department Water/Wastewater

FY 19 Quarterly Update (Ending December 31, 2018)

City Council Shirtsleeve Session
February 26, 2019



Wastewater Fund

Cash Flow Summary

(Ending December 31, 2018)

	Budget	Actuals	% of Budget
Revenue			
Sales	15,208,130	7,638,337	50%
Development Impact Mitigation Fees	1,062,470	884,954	83%
Other (interest, septic, misc.)	3,550,000	149,611	4%
Total Revenues	19,820,600	8,672,902	44%
Expenses			
Operating	8,064,710	3,794,982	47%
Capital	14,856,800	5,065,373	34%
Debt Service	3,343,510	2,345,083	70%
Cost of Services Payment To General Fund	1,083,710	541,855	50%
Total Expenses	27,348,730	11,747,293	43%
Beginning Cash (Operations Only)		15,365,403	
Ending Cash (Operations Only)		13,972,708	
Days Cash (Excluding Capital)		376	
% of Target – 90 Days Cash on Hand		418%	



Wastewater Operating Results

(Ending December 31, 2018)

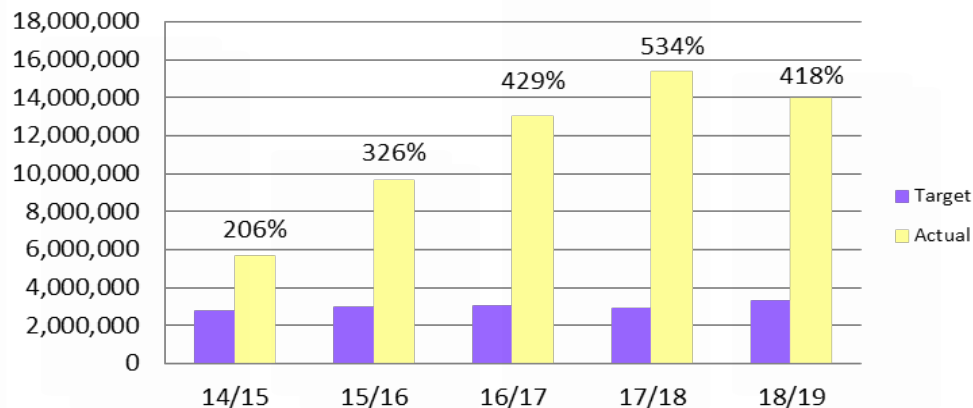
	Budget	Actuals	% of Budget
Personnel	\$ 3,920,820	\$ 2,231,916	57%
Supplies, Materials, Services	\$ 2,670,360	\$ 814,637	31%
Equipment, Land, Structures	\$ 300,000	\$ 57,541	19%
Other Payments	\$ 406,160	\$ 281,576	69%
Utilities	\$ 739,060	\$ 409,312	55%
Work for Others	\$ 28,310	\$ -	0%
Total Operating Expenses	\$ 8,064,710	\$ 3,794,982	47%



Wastewater Funds Cash Balances (Ending December 31, 2018)

Operating (530)	13,972,708
Utility Capital / Infrastructure Replacement (531)	34,573
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	18,579
Wastewater IMF (533)	1,423,071
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	1,199,583
Total	17,148,514

Actual Reserves vs. Target



*Amounts above
reserve target are
held for scheduled
capital maintenance*



Wastewater Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Villa Fiore Reimbursement	930,000				
Lockeford Street Improvements	100,000				
Storm Drain Trash Handling			750,000	750,000	
MSC Security Improvements	35,000				
Misc. System Relocations	35,000	35,000	35,000	35,000	35,000
Misc. Wastewater Taps	40,000	40,000	40,000	40,000	40,000
Collection System Capacity Enhancement Projects	20,000	200,000			
Pipeline Condition Assessment	500,000				
Main Replacement Project #7	2,000,000	2,600,000		2,000,000	
Northeast Sewer Lift Pipe Repl.	60,000				
Sewer Lift Station Wet Well Rehab				250,000	
Kofu Storm Water Pump Rehab				200,000	
Salas Storm Water Pump Rehab					200,000
Vinewood Storm Water Pump Rehab	100,000				
Lincoln Storm Pump Rehab		75,000			
Vehicles/Equipment	135,000	150,000	150,000	75,000	75,000
Upgrade Blowers	750,000				
Irrigation Improvements	1,300,000			750,000	
Plant Maintenance Improvements	235,000	265,000	320,000	250,000	260,000
Compliance Studies and Reports	200,000	200,000	200,000	200,000	200,000
Aeration Difuser Replacement					500,000
Digester #4 Cleaning	220,000				
Pump & Equipment Upgrades	345,000				
Electrical/Screen/SCADA Design	200,000	900,000	600,000		
Electrical Upgrades/SCADA Construction				1,000,000	7,000,000
White Slough Recycled Water Storage	4,000,000				
Field #5 Road Repair	150,000				
Miscellaneous Future Projects	100,000	100,000			
Totals	\$11,455,000	\$4,565,000	\$2,095,000	\$5,550,000	\$8,310,000



Water Fund

Cash Flow Summary

(Ending December 31, 2018)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,872,190	7,412,881	58%
Development Impact Mitigation Fees	476,310	444,319	93%
Other (interest, tap fees, water meters, misc.)	1,100,040	54,844	5%
Total Revenues	14,448,540	7,912,044	55%
Expenses			
Operating	7,139,150	3,218,906	45%
Capital	3,840,895	352,832	9%
Debt Service	2,969,160	951,138	32%
Cost of Services Payment To General Fund	821,900	410,950	50%
Total Expenses	14,771,105	4,933,826	33%
Beginning Cash (Operations Only)		3,226,256	
Ending Cash (Operations Only)		6,549,796	
Days Cash (Excluding Capital)		257	
% of Target – 90 Days Cash on Hand		286%	



Water Operating Results

(Ending December 31, 2018)

	Budget	Actuals	% of Budget
Personnel	\$ 3,239,320	\$ 1,331,438	41%
Supplies, Materials, Services	\$ 1,563,660	\$ 452,686	29%
Equipment, Land, Structures	\$ 105,000	\$ 2,585	2%
Other Payments	\$ 1,647,500	\$ 1,106,626	67%
Utilities	\$ 483,670	\$ 325,571	67%
Work for Others	\$ 100,000	\$ -	0%
Total Operating Expenses	\$ 7,139,150	\$ 3,218,906	45%

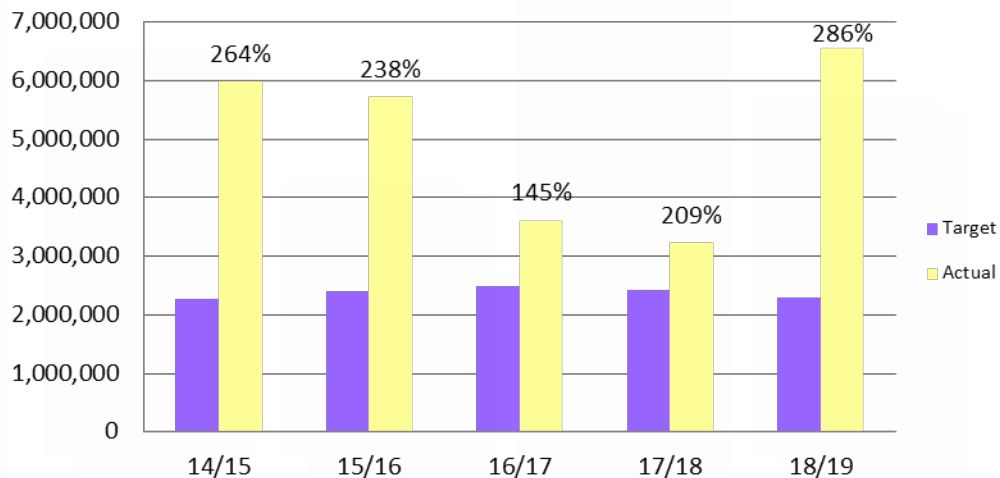


Water Funds Cash Balances

(Ending December 31, 2018)

Operating (560)	6,549,796
Utility Capital / Infrastructure Replacement (561)	68,850
IMF (562)	1,521,952
PCE/TCE Settlements	9,155,068
PCE/TCE Rates (565)	4,024,722
Total	21,320,388

Actual Reserves vs. Target



*Amounts above
reserve target are
held for scheduled
capital maintenance*



Water Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Water Meter Program		5,980,000		1,000,000	1,000,000
Lockeford Street Imprv.	400,000				
Water Taps	75,000	75,000	75,000	75,000	75,000
Misc. Water Mains	50,000	50,000	50,000	50,000	50,000
Water Meter Replacement Program				75,000	75,000
GAC Replacement		300,000	300,000	300,000	300,000
Meter Shop Design/Construction	200,000				
Water Plant Generator			300,000		
MSC Security Improvements	35,000				
Well 7 Pump Rehab	175,000				
Well 14 Pump Rehab				170,000	
Well 16 Pump Rehab			166,000		
Well 17 Pump Rehab				185,000	
Well 21 Pump Rehab			200,000		
Well 22 Pump Rehab		166,000			
Well 23 Pump Rehab	80,000				
Well 24 Rehab Rehab	165,000				
Well 25 Pump Rehab					200,000
Well 27 GAC Treatment & Standby Generator	70000	750,000			
Well 28 GAC Treatment		70,000	950,000		
Vehicles/Equipment	120,000	80,000	40,000	50,000	50,000
Totals	1,370,000	7,471,000	2,081,000	1,905,000	1,750,000



Water / Wastewater Utility Activities

Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment

Regulatory

- SSO's
- Discharge Violations
- Monitoring and Reporting



Electric Utility Department

FY 19 Quarterly Update **(Ending December 31, 2018)**

City Council Shirtsleeve Session
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Electric Utility Fund Cash Flow Summary (December 31, 2018)

	Budget	Actual	% of Budget
Revenue			
Sales Revenues	69,708,150	39,061,245	56%
Development Impact Fees	178,820	199,430	112%
Other Revenues (interest, misc)	3,728,120	1,666,669	45%
Total Revenues	73,615,090	40,927,344	56%
Expenses			
Purchase Power	40,699,940	21,179,405	52%
Non Power	14,986,240	5,484,956	37%
Capital Projects	4,324,000	783,234	18%
Debt Service	5,522,890	237,105	4%
Cost of Service/Capital Xfer	2,399,040	1,199,520	50%
In-lieu Transfer to General Fund*	7,197,380	0	0%
Total Expenses	75,129,490	28,884,220	38%

Beginning Cash Balance (6/30/18)		26,573,007
Ending Cash Balance (12/31/18)		40,422,848
Reserve Policy Target		23,714,000
% of Target		170%

*Reflects delayed journal entry. Will be updated for next report.



Electric Utility Funds

Cash Balances

(Ending December 31, 2018)

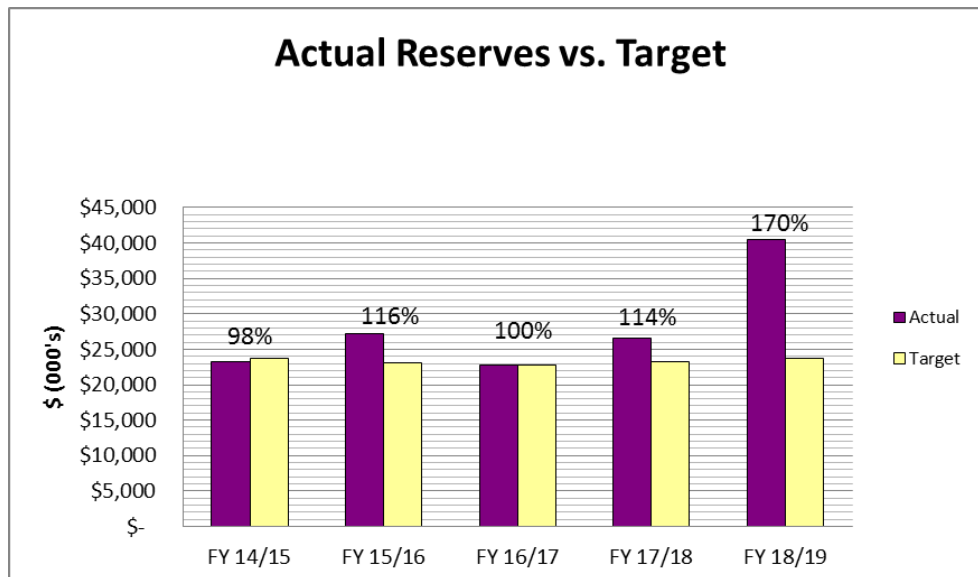
Operating Funds	\$ 27,514,218
Utility Outlay Reserve Fund	\$ 875,000
Public Benefits Fund	\$ 3,346,229
Impact Fee Fund	\$ 834,069
Solar Surcharge Fund	\$ 316,539
Greenhouse Gas Fund	\$ 7,536,793
Total	\$ 40,422,848



Electric Utility Reserve Policy (December 31, 2018)

Purpose	Target	Actual*
Operating Reserves	\$ 22,714,000	\$ 39,547,848
Capital Reserve	\$ 1,000,000	\$ 875,000
Total Target	\$ 23,714,000	\$ 40,422,848

*Includes cash held locally and at NCPA



Cash balances support City Council approved reserve requirements and provide funds for pay as you go Capital Improvement Projects.



Capital Improvement Project 5-Year Spending Plan

Project	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Distribution Capacity Program	\$960,000	\$250,000	\$250,000	\$250,000	\$250,000
Underground / Overhead Maint*	\$1,300,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Streetlight Maintenance / Repair	\$90,000	\$50,000	\$50,000	\$50,000	\$50,000
LED Streetlight Improvements	\$90,000	\$200,000	\$200,000	\$200,000	\$200,000
230 kV Interconnection Project	\$60,000	\$60,000	\$60,000	\$0	\$0
Substation Maint / Improvements	\$525,000	\$350,000	\$650,000	\$1,500,000	\$150,000
Building & Security Improvements	\$1,035,000	\$50,000	\$50,000	\$50,000	\$50,000
Vehicles & Equipment	\$264,000	\$350,000	\$250,000	\$370,000	\$403,000
Total Projects	\$4,324,000	\$2,710,000	\$2,910,000	\$3,820,000	\$2,503,000

*Includes work for others.



Power Sales (Ending December 31, 2018)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	157,969,253	83,966,417
Small Commercial	158,823,735	84,609,786
Large Commercial/Small Industrial	49,847,066	25,500,323
Industrial	68,408,946	30,519,065
Total	435,049,000	224,595,591

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 27,288,494	\$ 15,768,225	\$ 0.1878
Small Commercial	\$ 26,883,003	\$ 15,195,157	\$ 0.1796
Large Commercial/Small Industrial	\$ 7,717,784	\$ 4,269,279	\$ 0.1674
Industrial	\$ 7,818,869	\$ 3,828,584	\$ 0.1254
Total	\$ 69,708,150	\$39,061,245	\$ 0.1739



ECA Revenue

(Ending December 31, 2018)

Customer Class	Total (\$)
Residential	\$ 1,060,465
Small Commercial	\$ 1,085,939
Large Commercial / Small Industrial	\$ 335,636
Industrial	\$ 365,515
Total Revenue	\$ 2,847,555



Electric Utility Fund Operating Results (Ending December 31, 2018)

	Budget	Actual	% of Budget
Personnel	\$ 9,457,360	\$ 4,448,683	47%
Supplies, Materials, Services	\$ 3,874,880	\$ 857,370	22%
Other Payments	\$ 1,575,100	\$ 148,703	9%
Utilities	\$ 78,900	\$ 30,200	38%
Total Operating Expenses	\$ 14,986,240	\$ 5,484,956	37%



Power Supply Costs

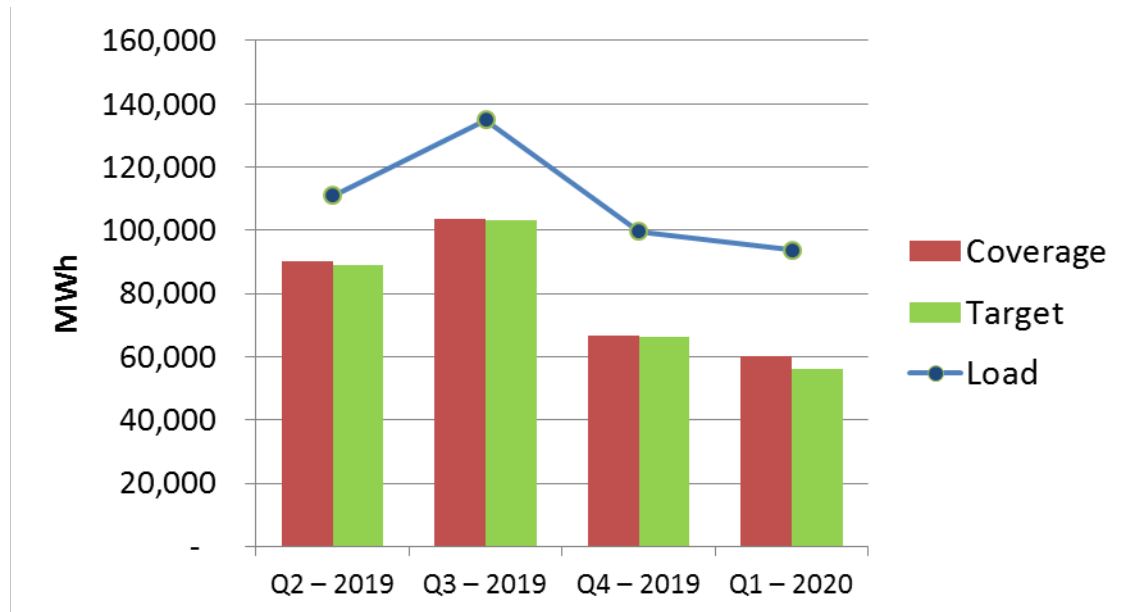
(Ending December 31, 2018)

	Budget	Actual	% of Budget
Generation	\$ 28,723,770	\$ 15,111,812	53%
Transmission	\$ 10,591,000	\$ 5,236,445	49%
Management Services	\$ 1,385,170	\$ 831,148	60%
Total Power Supply Costs	\$ 40,699,940	\$ 21,179,405	52%



Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q2 – 2019	111,084	80.0%	81.2%
Q3 – 2019	134,843	76.7%	76.9%
Q4 – 2019	99,605	66.7%	66.8%
Q1 – 2020	93,740	60.0%	64.2%



Includes energy purchases through January 2019 as approved by the Risk Oversight Committee (ROC)



Risk Oversight Committee Report Highlights

- Forward Energy Purchases
- Cap and Trade Activities
- NCPA Solar Project
- 2017 Power Content Label
- ECA Update/Review
- SB 100 Impact(s)



City Council Strategic Areas of Focus

- Customer
- Technology
- Financial
- Reliability
- Workforce



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Update on the City of Lodi Customer Service Division

MEETING DATE: February 26, 2019

PREPARED BY: Revenue Manager

RECOMMENDED ACTION: Receive an update on the City of Lodi Customer Service Division.

BACKGROUND INFORMATION: The City's Customer Service (CS) Division strives to provide top of the line service. As such, the department seeks continuous improvement.

This discussion continues an ongoing dialogue with the City Council on the challenges the customer service division faces that began in May of 2017. Today's presentation discusses the recent setbacks the department has faced and continues to update on progress to ensure continuous improvement in line with the People, Process, Technology framework introduced at the May 2017 Shirtsleeve. That framework is summarized here and will be used to guide the presentation.

People: It is essential to have the right people, with the right training and the right mentality to succeed in all business endeavors, including the CS division. Employees must buy into the philosophy of the division and any proposed changes.

Process: The appropriate business rules (policy and procedures) must be in place in order to successfully administer existing programs, provide services and implement new programs. Business rules also establish the parameters of each position's duties, responsibilities, authority level and set clear performance expectations.

Technology: Technology is an essential asset to modern organizations. However, technology will never overcome people and processes. Successful technology implementations are contingent on the existence of best practices that pre-date the technology and are widely known (through thorough and consistent training) by high quality employees moving in the same direction at all staff levels.

FISCAL IMPACT: There is no impact from this informational presentation.

FUNDING AVAILABLE: Not applicable.

Andrew Keys, Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager



Customer Service Division Update

Presented By: Tarra Sumner, Revenue Manager

City Council Shirtsleeve Session
February 26, 2019





Agenda

- Current status
 - Process
 - Process Documentation
 - Technology
- Improvement Plan



Teamwork

"The strength of the team is each individual member. The strength of each member is the team."

--Phil Jackson





PROCESS



Processes

- Continued evaluation of route consolidation
 - Lack of staffing resources has delayed this project
- Lock Box Services RFP
 - Meet and confer with Bargaining Unit scheduled for February 22, 2019
- Citywide Cash Handling Policy
 - Change the process of City Departments day to day processes of money handling and delivering deposits to Revenue.



Processes

- Change in Cash Handling Practices
 - Decreased overtime
 - Increased customer service efficiency
 - Decreased wait times at front counter
- Considering leveraging of HDL Professional Services for customer improvement
 - Ability to pay business licenses online
 - Audit TOT and business licenses
 - Business License tax revenue discovery



Processes

- Solar bad debt
 - Sent out 18 ten day notices equivalent to approximately \$47,000 in bad debt
- Bad Debt to CB Merchants
 - Approximately \$700,000
 - \$7,101 paid in the month of February
 - Working with Fire for their bad debt





Process Documentation

- Business processes and workflows are not always clearly documented or understood
 - Standard Operating Procedures (SOPs) underway
 - Payment Agreement
 - Bankruptcy
- Best practices hampered by technology limitations
 - Two staff heading to Tyler conference in April for intensive training on ERP and best practices
 - Considering further leveraging of outside technology resources to improve service





TECHNOLOGY



Technology

- Phone system upgrades
 - Contract approved 11-7-18 for RFP management
 - Will provide management data to monitor customer needs and help set customer expectations
- Review underway to move parking permits online
- Queuing system RFP has been drafted
- Check scanner/printer
 - Give the ability for cashiers to run checks at front counter
- Kiosk
 - \$3.1 million revenue collected
 - 14.9 thousand user transactions





IMPROVEMENT PLAN

Improvement Plan

PEOPLE

- Secure additional training on ERP system
 - Sending Utility Billing Agent to Tyler Conference
- Train in advance of all technology rollouts
- Offer and encourage training
 - Purchased on demand customer service training
 - Each employee assigned weekly assignments
 - 150 courses including
 - Improve Customer Satisfaction
 - Reduce Conflict Between Coworkers
 - Defuse & Retain Irate Customers
 - Build Awareness Around Diversity, Inclusion, and Bullying
- Improve and maintain positive work culture





Process Improvement Plan

Winter 2019/
Spring 2019

- Queuing RFP
- Lockbox RFP

Summer 2019

- Standard Operating Procedures (SOP's)
- HDL Contracting of Business License and TOT administration

Fall 2019/
Winter 2020

- Bill route consolidation
- Bad debt being sent to collections from all departments



Process Improvement Plan

IMPLEMENTED/ MONITORING

- Rotating task list
- Bad debt collections
- CSR schedule change

ONGOING

- Develop clearly defined processing/understanding expectations for all types of services provided
- Significant testing of software/hardware rollouts



Technology Improvement Plan

**WINTER
2019**

- Checking Scanners at front counter

SPRING 2019

- Queuing System
 - Increase employee efficiency/customer satisfaction
 - Advertising: important news/announcements
 - Reporting: number of customers/CSR's total number of customers served



Technology Improvement Plan

**SPRING/
SUMMER 2019**

- Interactive Voice Response (IVR) phone system
 - Set customer expectations
 - Provide management tools to review/manage workload in real time

ONGOING

- Continued dispersion of internal knowledge
 - Creation of SOPs





QUESTIONS?